



# Department of Justice

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**JUSTICE RECOMMENDS FCC DENY**  
**BELLSOUTH LONG DISTANCE APPLICATION IN LOUISIANA**

**Department Says Changes Still Needed To Open Local Markets**

WASHINGTON, DC -- The Department of Justice recommended today that the Federal Communications Commission deny an application by BellSouth to provide long distance service in Louisiana, because BellSouth has not completed the steps necessary to open local telephone markets to competition.

"We noted a number of problems with BellSouth's recent application for South Carolina, most of which apply equally in Louisiana and remain unaddressed," said Joel I. Klein, Assistant Attorney General for the Department's Antitrust Division. "As we noted earlier, BellSouth has made some important progress in opening the market for local telephone services in its region. But much remains to be done to ensure that the market is open to competition in the way Congress intended."

Since the break up of the integrated Bell system as part of the AT&T divestiture, the independent Bell Operating Companies, or BOC's, have been barred from providing long distance services in their respective regions, first as part of the divestiture decree and now under the terms of the Telecommunications Act of 1996 (the "Act").

Under Section 271 of the Act, a BOC, such as BellSouth, may not provide in-region long distance services until it demonstrates to the FCC that it has met a variety of legal

requirements designed to open the local telephone markets in a particular state to competition.

In considering whether to approve a BOC's application for long distance authority in a particular state, the FCC must consult with the Justice Department and give "substantial weight" to its assessment of competitive conditions in the market and whether the BOC should be allowed to provide in-region long distance service.

"Opening up local markets under the Telecommunications Act will enable consumers to reap the benefits that competition will bring--lower prices, higher quality service, and enhanced service offerings," Klein emphasized. "BellSouth's application for Louisiana has followed directly on the heels of its application in South Carolina. As we noted in our evaluation of the South Carolina application, implementing the complex processes needed to facilitate local competition takes considerable time--and more importantly, real effort and commitment by the RBOC to see that their systems work, and that their services are offered at appropriate prices. We are continuing to work with BellSouth, as we are working with others, to help them meet the requirements of the Act."

The Department said that while the Louisiana Public Service Commission was to be commended for adopting an appropriate, pro-competitive methodology for pricing network elements and resale, BellSouth's prices in a few key areas were not clearly based on that methodology. In addition, BellSouth is still unable to show:

- That it offers access to unbundled network elements in a way that will allow new entrants to combine them to offer competitive phone services to consumers;
- That it will provide adequate, nondiscriminatory access to the operations support systems that are used for ordering and provisioning needed facilities and services; and
- That it will adequately measure and report on its wholesale performance, so that competitors can be assured of receiving adequate access and interconnection on a continuing basis.

BellSouth filed its application with the FCC on November 6, 1997. Under the terms of the Act, the FCC must approve or deny the application by February 4, 1998.

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